

Message Text

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13
ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 COME-00 TRSE-00 JUSE-00 L-03

RSC-01 /027 R

DRAFTED BY EB/CBA/BP:GRPOWERS/RJBUSHNELL:JS

APPROVED BY EB/CBA/BP:HJWINTER

EA/J:THUBBARD

L/EB:MSPIEGEL (DRAFT)

COMMER:CJOHNSON (INFO)

JUSTICE:JDAVIDOW (DRAFT)

----- 025270

R 092155Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, US, JA

SUBJECT: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES

REF: (A) TOKYO 4314; (B) A-9930

1. DEPARTMENT AWARE OF JAPANESE GOVERNMENT CONCERN ABOUT
GRAPHITE ELECTRODE ANTITRUST INVESTIGATION. JAPANESE
EMBASSY COMMERCIAL COUNSELOR KINOSHITA CALLED AT DEPARTMENT
MARCH 28 TO DISCUSS THE INVESTIGATION AND SUBSEQUENTLY CAME
IN WITH COMMERCIAL MINISTER HARADA TO APRIL 8 MEETING IN
DEPARTMENT WITH JUSTICE OFFICIALS.

2. JAPANESE EMBASSY OFFICIALS PARTICULARLY INTERESTED IN
SPECIFIC ACTIONS BEING INVESTIGATED AND ANTITRUST PROVISIONS
UNDER WHICH JUSTICE IS PROCEEDING. JUSTICE OFFICIALS
EXPLAINED THAT INVESTIGATION IS IN PRELIMINARY STAGE AND
THEY NOT CERTAIN OF EXTENT OF ANY RESTRICTIVE PRACTICES OR
IF AND HOW US ANTITRUST LAWS MIGHT BE APPLIED. THIS DETER-
MINATION WILL DEPEND TO CONSIDERABLE EXTENT ON MATERIAL TO
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BE SUPPLIED BY THE US FIRMS INVOLVED.

3. THE PRELIMINARY INVESTIGATION WAS INITIATED IN RESPONSE TO COMPLAINTS FROM US PRIVATE SECTOR THAT JUSTICE DEPARTMENT PERMITTING U.S. SUBSIDIARIES OF JAPANESE GRAPHITE ELECTRODE INDUSTRY TO ENGAGE IN ILLEGAL RESTRICTIVE PRACTICES (SUCH AS CUSTOMER ALLOCATION) IN U.S. MARKET NOT

PERMITTED DOMESTIC FIRMS. THE INVESTIGATION WAS IN FORM OF LETTERS TO FIRMS INCORPORATED IN THE UNITED STATES, REQUESTING INFORMATION ON ACTIVITIES WITHIN REPEAT WITHIN THE U.S.

4. DESPITE FACT THAT LETTERS WERE SENT ONLY TO U.S. ADDRESSEES, JUSTICE WAS AWARE THAT ITS INQUIRIES WOULD AFFECT JAPANESE TRADE AND THAT GOJ INVOLVEMENT WOULD AFFECT THE INVESTIGATION. THEREFORE, EMBASSY WAS REQUESTED (REF B) TO NOTIFY GOJ INFORMALLY OF THE INVESTIGATION AND TO SECURE INFORMATION ON GOJ INVOLVEMENT. EMBASSY MAY ASSURE GOJ OF USG WILLINGNESS TO CONSIDER JAPANESE VIEWS ON THIS MATTER, AND THAT USG WILL NOTIFY AND CONSULT WITH GOJ IN ADVANCE OF ANY FINAL ACTION BY JUSTICE.

5. IN VIEW PRELIMINARY STAGE OF INVESTIGATION AND CURRENT JAPANESE EMBASSY DISCUSSIONS WITH STATE AND JUSTICE, IT APPEARS THE PROBLEM IS ALREADY RECEIVING APPROPRIATE "GOVERNMENT-TO-GOVERNMENT" CONSIDERATION. UNTIL US FIRMS RESPOND TO THE REQUESTS FOR INFORMATION (JUSTICE CONFIRMS MID-APRIL DEADLINE), THERE WILL BE LITTLE THAT GOJ OR DEPARTMENT CAN DO BECAUSE OF LACK OF PERTINENT FACTUAL INFORMATION.

6. JAPANESE EMBASSY OFFICERS APPEARED SATISFIED WITH JUSTICE EXPLANATIONS CONCERNING THE INVESTIGATION AND ITS FOCUS ON US DOMESTIC MARKET. USG OFFER TO NOTIFY AND CONSULT WITH GOJ IN ADVANCE OF ANY FINAL JUSTICE ACTION WAS ALSO CLEARLY APPRECIATED.

7. DEPARTMENT POUCHING MEMCONS OF MEETINGS AND WILL INFORM EMBASSY OF ANY SIGNIFICANT DEVELOPMENTS.

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8. FOR EMBASSY'S INFO ONLY: JUSTICE PROCEDURES WILL NOT PERMIT DIVULGENCE TO GOJ, BUT RELIABLE INFORMANTS CONNECTED WITH THE INDUSTRY HAVE ADMITTED TO JUSTICE THAT CUSTOMER ALLOCATION PRACTICES AND OTHER ILLEGAL RESTRAINTS WERE WIDESPREAD AMONG THE U.S. -INCORPORATED SUBSIDIARIES OR AGENTS OF JAPAN ELECTRODE EXPORT PROMOTION CO. (JEEP) MEMBER FIRMS. AT LEAST ONE SUCH FIRM HAS INDICATED ITS WILLINGNESS TO DISCONTINUE THE PRACTICES IF JUSTICE

DECIDES TO TAKE FORMAL ACTION. JUSTICE DOES NOT BELIEVE
THAT ANY EARLIER USG URGING ON GOJ OF JEEP-TYPE EXPORT
LIMITING ACTIONS WOULD HAVE CONTEMPLATED OR APPROVED THE
TYPE OF RESTRAINTS IN THE U.S. MARKET WHICH APPARENTLY
HAVE OCCURRED. END FYI KISSINGER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTRONIC EQUIPMENT, SUPPLIES, TRADE LAW, GRAPHITE, CARBON, BUSINESS FIRMS, MONOPOLIES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE071840
Document Source: CORE
Document Unique ID: 00
Drafter: GRPOWERS/RJBUSHNELL:JS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740082-0125
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740454/aaaabxef.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) TOKYO 4314; (B) A-9930
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2002 by kelleyw0>; APPROVED <01 AUG 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTITRUST INVESTIGATION: GRAPHITE ELECTRODES
TAGS: ETRD, US, JA
To: TOKYO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005